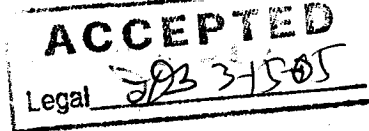
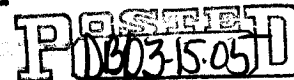


SWIDLER BERLIN LLP



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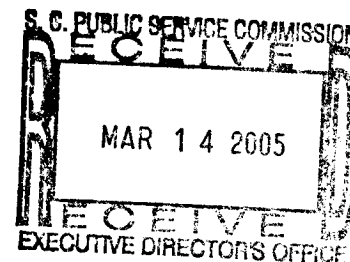


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BY OVERNIGHT MAIL

March 11, 2005

Gary E. Walsh
Executive Director
South Carolina Public Service Commission
Saluda Building
101 Executive Center Drive
Columbia, SC 29210



Re: Joint Application for Approval of a Transfer of Assets and Customer Base

Dear Mr. Walsh:

On behalf of TelCove, Inc., KMC Telecom Holdings, Inc., KMC Telecom LLC, KMC Telecom II LLC, and KMC Telecom III LLC, enclosed for filing with the Commission are an original and ten (10) copies of the above-referenced Joint Application.

De Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, postage prepaid envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned at (202) 424-7500.

Respectfully submitted,

Tamar E. Finn
Brian M. McDermott
Danielle C. Burt

cc: Brad E. Mutschelknaus (Kelley Drye)
Melissa S. Conway (Kelley Drye)
James E. Means (Telcove)
Marva Brown Johnson (KMC)

because the transaction will not change the rates, terms or conditions of the services being received by customers, the proposed transaction will be entirely transparent to customers of KMC III in terms of the services that those customers receive. The only difference will be the name of their service provider.

Applicants file this Application in connection with an Asset Purchase Agreement entered into as of February 2, 2005 ("Agreement") between KMC Holdings, KMC, KMC II, KMC III, KMC Telecom of Virginia, Inc. ("KMC Virginia") and KMC Financial Services LLC ("KMC Parent") and Buyer. Pursuant to the Agreement, KMC Parent has agreed to sell to Buyer certain of the 5ESS switches and related assets and network operations of the KMC Operating Companies. Following that transaction, KMC III's current customers will be transferred to Buyer who, through TelCove South Carolina, will become the service provider for those customers.

The proposed transaction is part of KMC Holdings on-going efforts to focus its resources on providing traditional and IP wholesale telecommunications and enhanced services to carriers and large enterprises over a newly deployed softswitch and IP/MPLS network. In connection with that process, Applicants urgently need to complete the proposed transaction described below on or before June 30, 2005. Accordingly, Applicants respectfully request that the Commission approve this Application as expeditiously as possible in order to allow Applicants to consummate the proposed transaction by that date.

In support of this Application, Applicants state as follows:

II. THE APPLICANTS

A. TelCove, Inc. (“Buyer”) and TelCove South Carolina

Buyer is a privately-held Delaware corporation with its principal place of business located at 121 Champion Way, Canonsburg, Pennsylvania 15317. The largest block of Buyer’s shares is controlled by Bay Harbour Management, L.C. (“Bay Harbour”), a private investment company, which controls funds that hold approximately 47% of Buyer. Bay Harbour’s principal place of business is located at 885 Third Avenue, 34th Floor, New York, New York 10022. TelCove South Carolina is a Delaware corporation and has its principal place of business located at 121 Champion Way, Canonsburg, Pennsylvania 15317.

Buyer, through its operating subsidiaries, including TelCove South Carolina, is a leading facilities-based provider of integrated communications services that serves medium and large businesses, state and local governmental agencies, educational institutions, and other communications service providers. Buyer offers local and long-distance voice, dedicated data, ATM, frame relay, and Internet services and is focused on serving communications-intensive end users. In South Carolina, TelCove South Carolina is authorized to provide local exchange and interexchange telecommunications services pursuant to Order in Docket No. 1998-510-C. Further information regarding TelCove South Carolina’s legal, technical, managerial and financial qualifications to provide service was submitted with its Application for certification. Such information, therefore, is already a matter of public record, and Applicants request that it be incorporated herein by reference.

Buyer has the managerial, technical and financial talents necessary to acquire and operate the assets and serve the customers. Buyer, through its operating subsidiaries, including TelCove South Carolina, is authorized to provide facilities-based local exchange and interexchange

telecommunications services in every state, except Alaska, Arizona, Hawaii, and the District of Columbia. Buyer also holds international global facilities-based and resold Section 214 authority, as well as blanket domestic Section 214 authority. Buyer's operating companies currently provide Internet, voice and data services to customers in Alabama, Arkansas, Florida, Georgia, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Vermont and Virginia. The same key management and other personnel that currently operate Buyer's operating company in South Carolina will assume the KMC Operating Companies' operations following completion of the transaction.

B. KMC Holdings and the KMC Operating Companies

KMC Holdings is a Delaware corporation with its principal place of business located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. KMC Holdings is the ultimate holding company parent of the KMC Operating Companies. KMC Holdings, through the KMC Operating Companies and its affiliates, provides voice and/or data services in every state with the exception of Alaska, Colorado and Hawaii. Wireline voice services are provided by KMC III in Alabama, Florida, Georgia, Indiana, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina (See Docket No. 1999-87-C), Tennessee, Texas and Wisconsin and by KMC Virginia in Virginia.

KMC, KMC II, and KMC III are Delaware limited liability companies with their principal place of business located at 1545 Route 206, Suite 300, Bedminster, NJ 07921. KMC Holdings, through the KMC Operating Companies and its affiliates, is authorized by various state public service commissions to provide resold and/or facilities-based, competitive local and/or intrastate interexchange telecommunications services in 49 states and the District of

Columbia. In Virginia, KMC Holdings provides service through KMC Virginia. In addition, KMC III holds international resold and facilities-based Section 214 authority, as well as domestic blanket Section 214 authority.

III. DESIGNATED CONTACTS

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Application should be directed to:

Buyer/TelCove South Carolina:

Tamar E. Finn
Brian M. McDermott
Danielle C. Burt
Swidler Berlin LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
TEFinn@swidlaw.com (Email)
BMMcdermott@swidlaw.com (Email)
DCBurt@swidlaw.com (Email)

with a copy to:

James E. Means, Esq.
Deputy General Counsel
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121 Canonsburg, PA 15317
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(724) 743-9791 (Fax)
jim.means@telcove.com (Email)

KMC/KMC Operating Companies:

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bmutschelknaus@kelleydrye.com
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with a copy to:

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Vice President and Senior Counsel
KMC Telecom Holdings, Inc.
1755 North Brown Road
Lawrenceville, Georgia 30022
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(678) 985-6213 (Fax)
Marva.Johnson@kmctelecom.com

IV. DESCRIPTION OF THE TRANSACTION

Applicants propose to complete a Transaction (“Transaction”) whereby Buyer will acquire a portion of the 5ESS switches and related assets and network operations of the KMC Operating Companies in Charleston, Columbia and Spartanburg, South Carolina. In connection with that Transaction, Buyer will be responsible for providing service to the KMC III customer base transferred as a result of the Transaction.¹ In order to effectuate the proposed Transaction, Buyer, KMC Holdings, KMC, KMC II, KMC III and KMC Virginia have entered into an Asset Purchase Agreement (“Agreement”).²

Applicants emphasize that although the proposed Transaction will involve a transfer of customers, immediately following the proposed Transaction, those customers will continue to receive service from Buyer under the same rates, terms and conditions as the services currently provided. As a result, the proposed Transaction will be entirely transparent to customers in terms of the services that they currently receive. All of the affected customers will receive notice of the

¹ All of KMC III’s customers are being transferred as a result of the Transaction, and therefore, KMC III will no longer provide service to customers in South Carolina. However, the operations of KMC III’s affiliates in South Carolina, KMC Telecom V, Inc. and KMC Data, LLC, are not affected by the Transaction; that is KMC Telecom V, Inc. and KMC Data, LLC will continue to provide service to their respective customers in South Carolina pursuant to their existing authorizations.

Transaction.³ Moreover, because Buyer is acquiring substantially all of the assets of the KMC Operating Companies necessary to provide voice service to the transferred customers, Buyer will have all of the assets required to continue to provide high quality services to the customers it acquires.

Buyer is well qualified to provide service to KMC III's customers. As explained above, Buyer, through its operating companies, including TelCove South Carolina, currently provides Internet, voice and data services to customers in Alabama, Arkansas, Florida, Georgia, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Vermont and Virginia. The same key management and other personnel that currently operate Buyer's operating company in South Carolina will assume KMC III's operations following completion of the Transaction. Thus, Buyer will be able to rely upon the expertise and experience of its existing management to continue the current operations of KMC III and provide the same services at the same rates, terms and conditions as currently are provided to the KMC III customers.

IV. PUBLIC INTEREST STATEMENT

The Transaction described above serves the public interest. In particular, the assignment of the KMC III customer accounts will ensure that those customers continue to receive uninterrupted services. At the same time, the proposed Transaction will allow KMC Holdings to continue to restructure its operations and allow KMC Holdings to continue to implement its business strategies going forward.

The proposed asset transfer will not inconvenience, confuse or otherwise harm KMC III's

² A copy of the Agreement will be provided upon request.

³ Each customer will receive notice of the Transaction in accordance with the FCC's requirements. A copy of the customer notice will be provided upon request.

customers. Indeed, the proposed Transaction will be virtually transparent to customers in terms of the services those customers receive. As set forth above, Buyer is well qualified to continue to provide such services. In sum, the proposed Transaction is expected to enhance competition in the affected markets by introducing Buyer or expanding its presence as a viable competitor while at the same time allowing KMC Holdings to continue the on-going restructuring of the company's operations.

Given the increasingly competitive nature of the local exchange and interexchange markets, Applicants are seeking to complete the proposed Transaction by June 30, 2005 in order to ensure that Applicants can rapidly obtain the benefits of the proposed Transaction. Accordingly, Applicants respectfully request that the Commission process, consider and approve this Application as expeditiously as possible.

VI. CONCLUSION

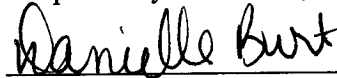
WHEREFORE, for the reasons stated above, TelCove, Inc., TelCove of South Carolina, Inc., KMC Telecom Holdings, Inc., KMC Telecom LLC, KMC Telecom II LLC, and KMC Telecom III LLC submit that the public interest, convenience, and necessity will be furthered by Commission approval of Applicants' participation in the Transactions described herein. Applicants respectfully request expeditious consideration of this Application to allow such participation as soon as possible.

James E. Means, Esq.
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Dated: March 11, 2005

Respectfully submitted,



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mconway@kelleydrye.com

Counsel for KMC Holdings and the KMC
Operating Companies

VERIFICATION

VERIFICATION

I, James E. Means, state that I am Secretary of TelCove of South Carolina, Inc., a Party in the foregoing filing; that I am authorized to make this Verification on behalf of TelCove of South Carolina, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read 'J E Means', written over a horizontal line.

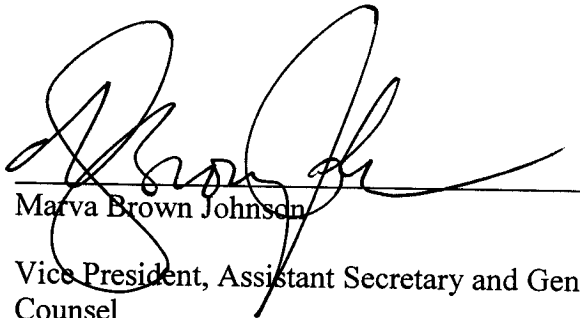
James E. Means

Deputy General Counsel & Secretary
TelCove of South Carolina, Inc.

Dated: 3/9/05

VERIFICATION

I, Marva Brown Johnson, state that I am Vice President, Assistant Secretary and General Counsel of KMC Telecom III LLC, a Party in the foregoing filing; that I am authorized to make this Verification on behalf of KMC Telecom III LLC; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read 'Marva Brown Johnson', is written over a horizontal line.

Marva Brown Johnson

Vice President, Assistant Secretary and General
Counsel

KMC Telecom III LLC

Dated: 3/9/05